

CASH CANADA PAWN CORP

Consolidated Financial Statements

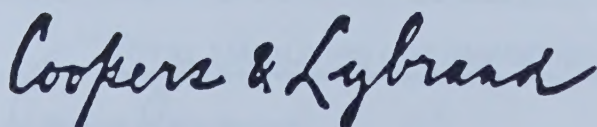
For the Year Ended January 31, 1995

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Cash Canada Pawn Corp. as at January 31, 1995 and 1994 and the consolidated statements of operations and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 1995 and 1994 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.



Chartered Accountants
March 10, 1995

CASH CANADA PAWN CORP

Consolidated Balance Sheet

January 31, 1995

	1995	1994
ASSETS		
Current Assets		
Cash and term deposits	0	1,281,952
Accounts receivable	31,660	73,595
Finance contracts	132,631	157,343
Service charges receivable	183,020	138,952
Loans receivable	997,663	508,874
Inventory	735,496	576,187
Prepaid expenses and deposits	60,327	31,725
	2,140,797	2,768,628
Capital Assets	394,382	312,016
Intangible Assets	722,707	613,183
Mineral Properties	0	7,500
TOTAL ASSETS	3,257,886	3,701,327

LIABILITIES AND SHAREHOLDERS' EQUITY**LIABILITIES****Current Liabilities**

Bank indebtedness	68,235	0
Accounts payable and accrued liabilities	132,747	299,491
Deferred interest on finance contracts	21,218	0
	222,200	299,491
Debentures	2,000,000	2,000,000
	2,222,200	2,299,491

FUTURE OPERATIONS - NOTE 14**SHAREHOLDERS' EQUITY**

Share Capital

Common	2,404,345	2,344,345
Preferred	175,000	175,150
	2,579,345	2,519,495
Deficit	(1,543,659)	(1,117,659)
	1,035,686	1,401,836

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,257,886	3,701,327
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Signed on Behalf of the Board

The accompanying notes are an integral part of these consolidated financial statements.

CASH CANADA PAWN CORP**Consolidated Statement of Operations and Deficit****For the Year Ended January 31, 1995**

	1995	1994
Revenues		
Merchandise sales	1,895,448	1,875,914
Service Charges	1,234,271	1,093,425
Other Income	28,350	8,166
	<u>3,158,069</u>	<u>2,977,505</u>
Cost of Goods Sold and Expenses		
Operating expenses	1,632,952	1,118,362
Cost of goods sold	1,362,475	1,395,173
Administrative expenses	138,403	226,622
Interest	15,832	63,636
Interest on Debenture	160,730	10,610
Inventory valuation adjustments	155,893	303,053
Amortization	87,974	53,727
	<u>3,554,259</u>	<u>3,171,183</u>
Income (loss) from Operations	<u>(396,190)</u>	<u>(193,678)</u>
Other Items		
Financing costs	0	177,684
Provision on finance contracts	2,202	52,000
Write-off of mineral properties	7,500	0
Writedown of option	0	7,500
Loss on store closures	20,108	0
	<u>29,810</u>	<u>237,184</u>
Net loss for the period	<u>(426,000)</u>	<u>(430,862)</u>
Deficit, beginning of period	<u>(1,117,659)</u>	<u>(680,235)</u>
Dividends on preferred shares	<u>0</u>	<u>(6,562)</u>
Deficit, End of period	<u>(1,543,659)</u>	<u>(1,117,659)</u>
Loss per share	<u>(0.033)</u>	<u>(0.038)</u>

The accompanying notes are an integral part of these consolidated financial statements.

CASH CANADA PAWN CORP

Consolidated Statement of Changes in Financial Position

For the Year Ended January 31, 1995

	1995	1994
Cash Provided From (Used In)		
Operating Activities		
Net income (loss)	(426,000)	(430,862)
Items not affecting cash		
Amortization	87,974	53,727
Loss on store closures	20,108	0
Write-off of mineral properties	7,500	0
	(310,418)	(377,135)
Net change in non-cash components of working capital	(558,261)	(271,323)
	(868,679)	(648,458)
Investing Activities		
Purchase of capital assets	(143,323)	(125,596)
Business acquisitions	(373,567)	(1,036,867)
Mineral property expenditure	0	(7,500)
Non-competition agreement	0	75,000
Increase in deferred organization costs	(24,468)	8,379
	(541,358)	(1,086,584)
Financing Activities		
Common shares issued	60,000	1,106,400
Debentures issued	0	2,000,000
Advances from related parties	0	(36,778)
Increase in obligation under capital lease	0	(6,154)
Preferred shares cancelled	0	(75,000)
Warrants cancelled	(150)	0
Dividends on preferred shares	0	(6,562)
Preferred shares issued	0	175,150
	59,850	3,157,056
Decrease in cash and term deposits	(1,350,187)	1,422,014
Cash and term deposits (Indebtedness), beginning of period	1,281,952	(140,062)
Cash and term deposits (Indebtedness), end of period	(68,235)	1,281,952

The accompanying notes are an integral part of these consolidated financial statements.

CASH CANADA PAWN CORP.

Notes to Consolidated Financial Statements

For the Year Ended January 31, 1995

1. Operations

The Company is engaged in the acquisition, establishment and operation of pawn shops which lend money on the security of pledged tangible personal property. In addition to making short-term consumer loans, the Company offers for resale, the personal properties forfeited by the individuals on the consumer loans as well as personal property purchased outright from customers.

2. Accounting Policies

(a) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Loan Shark Exchange Inc. and American Trading & Exchange Inc. All significant inter-company transactions have been eliminated.

(b) Loans and Income Recognition

Short-term pawn loans are made on the pledge of tangible personal property for up to three months. The Company records pawn service charges for one month at the inception of the pawn loan.

If the pawn loan is not repaid, the principal amount loaned plus one month's accrued pawn service charges becomes the carrying value of the forfeited collateral (inventory) which is recovered through sale.

(c) Inventory

Inventory represents merchandise purchased directly from the public, and merchandise acquired from forfeited loans.

Inventory is carried at the lower of cost and net realizable value. Cost is determined on a specific identification basis.

CASH CANADA PAWN CORP.

Notes to Consolidated Financial Statements

For the Year Ended January 31, 1995

2. Accounting Policies Continued

(d) Capital Assets

Capital assets are recorded at cost. Amortization is calculated using the diminishing balance method based on 10% per year for equipment, signage and paving. The costs of improvements in leased stores are capitalized as leasehold improvements and are amortized over the terms of the lease. Vehicles are amortized over a five year period on a diminishing balance basis. Amortization is calculated using the diminishing balance method based on 5% per year for the building.

During the year the company changed its method of recording depreciation from the straight line method to the diminishing balance method. The net effect on depreciation expense is insignificant.

(e) Intangible Assets

Goodwill

The excess of the cost of the acquisitions over the fair value of the net assets acquired is recorded as goodwill and is being amortized over thirty years using the straight-line method.

3. Loans

Included in pawn loans is a \$250,000 loan receivable. This loan bears interest at 4% per month. The loan was originally made on May 4, 1994 for a term of 90 days. As at the year-end principal repayments have not been received and interest payments were 1 month in arrears. A provision has not been made in these financial statements as it is management's opinion that the total amount outstanding will be fully collected. Subsequent to the year-end principal repayments of \$145,000.00 were received.

CASH CANADA PAWN CORP.

Notes to Consolidated Financial Statements

For the Year Ended January 31, 1995

4. Business Acquisitions

During the year, the Company made the following purchases:

On April 8, 1994 the shares of American Trading and Exchange Inc. (formerly 559106 Alberta Ltd.) were purchased for a total consideration of \$260,000; \$250,000 cash and \$10,000 representing 20,000 Common Shares. Immediately upon completion of the purchase the assets were transferred to Cash Canada Pawn Corp. and active operations of American Trading and Exchange Inc. ceased. The following were recorded in the accounts of the company, using the purchase method:

Inventory	\$ 50,000
Loans	86,872
Utilities and Rent	2,275
Rental Deposit and Option to Purchase Leased Premises	24,968
Capital Assets	11,000
Goodwill	<u>84,885</u>
	\$260,000

On May 31, 1994 the assets of Action Car Sales were purchased for a total cash consideration of \$29,500. The following were recorded in the Company's accounts using the purchase method:

Loans	\$ 15,610
Inventory	3,000
Equipment	4,805
Building	<u>6,085</u>
	\$ 29,500

CASH CANADA PAWN CORP.

Notes to Consolidated Financial Statements

For the Year Ended January 31, 1995

4. Business Acquisitions Continued

On September 20, 1994 the assets of Pawnbroker Exchange, Stony Plain Road were purchased for total cash consideration of \$84,067. The acquisition was recorded using the purchase method as follows

Loans	\$ 57,095
Equipment	5,000
Goodwill	19,274
Rental Deposits	<u>2,698</u>
	\$ 84,067

On April 30, 1993, the Company purchased the assets, the operations and the name "The Money Company" for a total consideration of \$1,036,867. The assets and results of operations have been included in the Company's financial statements commencing on the acquisition date.

The acquisition has been accounted for using the purchase method as outlined below:

Assets acquired

Accounts receivable	\$ 12,875
Loans receivable	287,244
Inventory	177,248
Prepaid expenses	7,000
Option	7,500
Vehicles	40,000
Store equipment	75,000
Goodwill	<u>430,000</u>

\$1,036,867

CASH CANADA PAWN CORP.

Notes to Consolidated Financial Statements

For the Year Ended January 31, 1995

4. Business Acquisitions Continued

Consideration

Cash paid	\$ 756,717
Liability to previous owner	75,000
Issuance of 17,500 preferred "B" shares	175,000
Issuance of warrants to acquire 150,000 common shares at \$0.60 per share	<u>150</u>
	\$1,006,867
Acquisition costs	<u>30,000</u>
	\$1,036,867

5. Capital Assets

	1995			1994		
	Cost	Accum Amort	Net	Cost	Accum Amort	Net
Store equipment	\$ 212,520	\$31,748	\$180,772	\$175,232	\$12,755	\$162,477
Leaschold improvements	125,051	33,949	91,102	85,898	15,425	70,473
Computer equipment	41,791	9,415	32,376	39,516	4,790	34,726
Signage	22,661	3,902	18,759	22,098	2,076	20,022
Vehicles	10,292	3,880	6,412	21,700	5,518	16,182
Office equipment	18,423	1,919	16,504	8,564	428	8,136
Building	47,902	3,192	44,710	---	---	---
Paving	3,842	95	3,747	---	---	---
	<u>\$ 482,481</u>	<u>\$88,100</u>	<u>\$394,382</u>	<u>\$353,008</u>	<u>\$40,992</u>	<u>\$312,016</u>

6. Intangible Assets

	1995			1994		
Goodwill	\$ 741,987	\$41,709	\$700,278	\$630,995	\$17,812	\$613,183
Deferred opening costs	24,468	2,039	22,429	---	---	---
	<u>\$ 766,455</u>	<u>\$43,748</u>	<u>\$722,707</u>	<u>\$630,995</u>	<u>\$17,812</u>	<u>\$613,183</u>

CASH CANADA PAWN CORP.

Notes to Consolidated Financial Statements

For the Year Ended January 31, 1995

7. Bank Indebtedness

A general assignment of book debts and inventory, a general security agreement covering all other property, and an assignment of insurance over inventory have been pledged as collateral for the bank operating line of credit.

8. Debentures

In January, 1994, the Company raised \$2,000,000 through a private placement of 8% Series A Convertible Subordinated Debentures maturing November 30, 1998, and 6,000,000 Series C Share Purchase Warrants. The debentures were issued in units with each unit comprising \$10,000 8% Series A Convertible Subordinate Debentures and 30,000 Series C Share Purchase Warrants.

One debenture covenant requires that any cash advances or loans remain within the Company's ordinary course of business. On May 4, 1994 the Company advanced a loan of \$250,000 which may not comply with this covenant. The trustee for the debenture holders is aware of this transaction and has indicated that they did not propose to take any action against the Company at this time. The trustee company has reserved the right of future action.

The debentures are convertible, at the option of the holders, into common shares of the Company at a price of \$0.33 - 1/3 if converted on or before November 30, 1994 and at \$0.42 if converted after that date and before maturity. Each warrant entitles the holder to acquire a share of the Company at a price of \$0.50 per share on or before January 10, 1995.

The Company may purchase the debentures by invitations for tenders at any time, as long as the Company is not in default of the debenture terms, but may not redeem the debentures until their maturity date.

CASH CANADA PAWN CORP.

Notes to Consolidated Financial Statements

For the Year Ended January 31, 1995

8. Debentures Continued

The debentures carry a fixed and floating charge over properties and assets, including but not limited to trademarks, goodwill, inventories, revenues, monies, leases, book debts and any other tangible and intangible items.

Debentures in the amount of \$250,000 are held by a related company owned by the chief executive officer of the Company.

At the year-end the company was in default on the debenture as a 1:1.25 debenture to current asset ratio is required. Interest payments are current.

9. Related Party Transactions

- (a) Legal fees and related disbursements paid or payable to a law firm owned by the former president of the Company in the amount of \$27,408 were recorded in the following accounts:

Administration	\$ 19,850
Acquisition Costs	7,558

- (b) The Company has a lease with the House of Cars Ltd. (owned by the President of the Company) and the rent paid for the year is \$35,544. In addition the company purchased 3 cars for a total consideration of \$8,780 from House of Cars Ltd. and/or the Company's President.

10. Share Capital

(a) Authorized

50,000,000 common shares
10,000,000 Series "A", 5% cumulative, convertible, preferred shares
67,500 Series "B", 5% cumulative, convertible, preferred shares

CASH CANADA PAWN CORP.

Notes to Consolidated Financial Statements

For the Year Ended January 31, 1995

10. Share Capital Continued

The Series "B" preferred shares can be redeemed by the Company at the stated values of \$10.00 per share plus accrued unpaid preferential dividends, not before April 30, 1996 and not until the holders of the preferred shares fail to provide notice to the Company of their election to have the Series "B" preferred shares redeemed by the Company.

These preferred shares can be converted into common shares by the shareholders at any time at the conversion price of \$1.00 per common share.

(b) Issued	1995		1994	
	Common Shares Issued	Amount	Common Shares Issued	Amount
Balance at beginning of the year	12,587,428	\$2,344,345	8,827,428	\$1,237,945
Shares issued	353,333	60,000	3,760,000	1,106,400
	12,940,761	\$2,404,345	12,587,428	\$2,344,345
	1995		1994	
	Preferred Shares Issued	Amount	Preferred Shares Issued	Amount
Shares issued				
'A' Shares				
'B' Shares	17,500	\$175,000	17,500	\$175,000
Warrants			150,000	150
		\$175,000		\$175,150

CASH CANADA PAWN CORP.

Notes to Consolidated Financial Statements

For the Year Ended January 31, 1995

10. Share Capital Continued

In 1994, 20,000 common shares with a value of 10,000 were issued on the acquisition of American Trading & Exchange Inc. (formerly 559106 Alberta Ltd.).

An additional 333,333 common shares were issued to extinguish \$50,000 in debt owing to The House of Cars Ltd., a company owned by the Chief Executive Officer of Cash Canada Pawn Corp.

(c) Stock Options

- (i) Pursuant to a resolution of the board of directors dated August 23, 1990, the Company can reserve a maximum of 10% of the issued and outstanding common shares for use in stock option plans for the directors and management.
- (ii) Pursuant to stock option agreements, options to acquire common shares in the following amounts have been granted and remain outstanding:

Option Grant Date	Common Shares	Option Per Share	Option Expiry Date
August 28, 1992	100,000	\$ 0.45	August 28/95
September 30, 1993	1,100,000	0.14	September 28/95

11. Segmented Information

The Company now operates exclusively in the pawn shop industry as its sole segment (described in Note 1). The Company has its six pawn shop operations and car yard located in the same geographical area in Alberta, Canada.

CASH CANADA PAWN CORP.

Notes to Consolidated Financial Statements

For the Year Ended January 31, 1995

12. Commitments

The Company is committed under various operating leases for premises and signage in the following amounts in each of the next five years:

1996	222,500
1997	222,500
1998	185,500
1999	120,000
2000	26,000

13. Income Taxes

The Company has losses for which income tax benefits have not been recorded, comprised approximately as follows:

Losses for income tax purposes expiring in:

1998	\$ 7,000
1999	17,000
2001	200,000
2002	<u>426,000</u>
	650,000

Amounts expenses in the financial statements and not yet deducted for income tax purposes

660,000
\$1,310,000

14. Future Operations

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the discharging of liabilities in the normal course of business. Due to sustained operating losses and deficient working capital, the future operations of the company are dependent upon increasing sales, attaining a profitable level of operations and continued financing being made available by the shareholders and the company's bankers. Management is continuing to address the issues of increasing sales, cost control, deficient working capital and financing. If the company were not able to continue as a going concern, the net realizable value of the company's assets may be substantially less than the recorded amounts.

BOARD OF DIRECTORS

T. LATIMER

President and
Chief Executive Officer

MANAGEMENT

T. LATIMER

President and
Chief Executive Officer

OTHER COMPANY INFORMATION

Registered Office

1340 Tower One, Scotia Place
10060 Jasper Avenue
Edmonton, Alberta T5J 3R8
Tel: (403) 423-3661

Corporate Headquarters

12518 - 97 Street
Edmonton, Alberta T5G 2Z1
Tel: (403) 477-1667

Corporate Counsel

Davies & Co.
Edmonton, Alberta

Stock Listing

The Alberta Stock Exchange
Symbol - CHW

Auditors

Coopers & Lybrand
Chartered Accountants
Edmonton, Alberta

CASH CANADA PAWN CORP

Consolidated Financial Statements

Unaudited

For the Three Months Ended April 30, 1995

CASH CANADA PAWN CORP

Consolidated Balance Sheet
Unaudited
APRIL 30, 1995

	1995	1994
ASSETS		
Current Assets		
Cash and term deposits	88,521	754,312
Accounts receivable	19,658	79,031
Finance contracts	111,878	151,187
Service charges receivable	192,929	123,595
Loans receivable	896,986	682,652
Inventory	758,372	704,002
Prepaid expenses and deposits	81,045	101,278
	2,149,390	2,596,057
Capital Assets	390,147	309,711
Intangible Assets	715,302	715,881
Mineral Properties	0	7,500
TOTAL ASSETS	3,254,839	3,629,149

LIABILITIES AND SHAREHOLDERS' EQUITY**LIABILITIES****Current Liabilities**

Accounts payable and accrued liabilities	222,493	255,010
Deferred interest on finance contracts	18,719	0
	241,212	255,010
Debentures	2,000,000	2,000,000
	2,241,212	2,255,010

FUTURE OPERATIONS - NOTE 15**SHAREHOLDERS' EQUITY**

Share Capital

Common	2,404,345	2,354,345
Preferred	175,000	175,150
	2,579,345	2,529,495
Retained Earnings (Deficit)	(1,565,718)	(1,155,356)
	1,013,627	1,374,139

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,254,839	3,629,149
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CASH CANADA PAWN CORP

Consolidated Statement of Operations and Deficit

Unaudited

For the Three Months Ended April 30, 1995

	1995	1994
Revenues		
Merchandise sales	467,259	498,781
Service Charges	408,771	251,211
Other Income	3,189	14,429
	<u>879,219</u>	<u>764,421</u>
Cost of Goods Sold and Expenses		
Operating expenses	381,527	334,123
Cost of goods sold	353,213	378,753
Administrative expenses	33,274	31,166
Interest	7,852	2,263
Interest on debenture	39,014	39,013
Inventory valuation adjustments	0	0
Amortization	22,460	16,800
	<u>837,340</u>	<u>802,118</u>
Income (loss) from Operations	<u>41,880</u>	<u>(37,697)</u>
Other Items		
Financing costs	0	0
Provision on finance contracts	0	0
Write-off of mineral properties	0	0
Writedown of option	0	0
Uninsurable loss	63,938	0
	<u>63,938</u>	<u>0</u>
Net income (loss) for the period	<u>(22,059)</u>	<u>(37,697)</u>
Deficit, beginning of period	<u>(1,543,659)</u>	<u>(1,117,659)</u>
Dividends on preferred shares	<u>0</u>	<u>0</u>
Deficit, End of period	<u>(1,565,718)</u>	<u>(1,155,356)</u>
Loss per share	<u>(0.002)</u>	<u>(0.038)</u>

CASH CANADA PAWN CORP

Consolidated Statement of Changes in Financial Position

Unaudited

For the Three Months Ended April 30, 1995

	1995	1994
Cash Provided From (Used In)		
Operating Activities		
Net income (loss)	(22,059)	(37,697)
Items not affecting cash		
Amortization	22,460	16,800
	401	(20,897)
Net change in non-cash components of working capital	168,398	(232,438)
	168,799	(253,335)
Investing Activities		
Purchase of capital assets	(12,043)	(21,305)
Business acquisitions	0	(263,000)
	(12,043)	(284,305)
Financing Activities		
Common shares issued	0	10,000
	0	10,000
Increase (Decrease) in cash and term deposits	156,756	(527,640)
Cash and term deposits (Indebtedness), beginning of period	(68,235)	1,281,952
Cash and term deposits (Indebtedness), end of period	88,521	754,312

